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Message Text

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44
ACTION AGR-20

INFO OCT-01 AF-10 EUR-25 ISO-00 AID-20 EB-11 COME-00

TRSE-00 IGA-02 OMB-01 CIAE-00 INR-10 NSAE-00 RSC-01

SS-15 NSC-10 L-03 PA-03 PRS-01 USIA-15 DRC-01 /149 W
---------- 124000
R 021400Z OCT 73
FM AMEMBASSY TANANARIVE
TO SECSTATE WASHDC 5674
INFO AMEMBASSY PARIS

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E. O. 11652: N/A
TAGS: ETRD MA US
SUBJ: RICE SITUATION IN MADAGASCAR

REF: TANANARIVE 1359

1. SUMMARY: GOMR HAS REPORTEDLY BOUGHT 150,000 TONS OF US RICE, WHICH MAY WELL ELIMINATE TRADITIONAL US ADVERSE BALANCE OF TRADE WITH MADGASCAR FOR 1973. LOCAL RICE NOW SHORT IN URBAN MARKETS DESPITE RECENT GOVT INCREASE IN PRICE PADDY PAID TO FARMERS. END SUMMARY.

2. ACCORDING TO MALAGASY MIN ECON AND FIANCE RAMAROSON, MADAGASCAR HAS BOUGHT 150,000 TONS OF RICE FROM US. IN TELLING THIS TO GERMAN AMB AND ME AT MALAGASY RECEPTION FOR WORLD BANK PRES MCNAMARA OCT 1, RAMAROSON EXPRESSED GREAT RELIEF HIS GOVT HAS BEEN ABLE FIND THIS QUANTITY OF RICE, OBVIOULSY BECAUSE OF CONCERN OVER POLITICAL CONSEQUENCES OF RICE SHORTAGE. HE ADDED TOTAL IMPORT REQUIREMENT THIS CROP YEAR (UNTIL APR 74) IS 190,000 TONS.

3. IF RAMAROSON'S INFO CORRECT, WE CALCULATE US EXPORT EARNINGS FROM MALAGASY RICE PURCHASES SHOULD PROBABLY BE SOMEWHERE AROUND $60 MILLION. WHILE DELIVERIES WILL BE SPREAD OUT OVER NEXT SEVERAL MONTHS, PRESUMABLY EXTENDING INTO 1974, RICE SALES SHOQD GO LONG
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WAY TOWARD, AND PERHAPS COMPLETELY REVERSE, 3-4 TO 1 ANNUAL ADVERSE

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BALANCE TRADE US HAS BEEN RUNNING WITH MADAGASCAR, A PRIME OBJECTIVE OF THIS EMBASSY.

4. GERMAN AMB ASKED RAMAROSON WHETHER ANY CREDITS INVOLVED IN US RICE PRUCHASES. RAMAROSON REPLIED MALAGASY STILL SEEKING ARRANGE CREDITS FOR PART OF PURCHASES. I COMMENTED I ASSUMED SUPPLIER CREDITS MEANT. HE SAID MALAGASY STILL TRYING FOR PL480 ASSISTANCE.
FYI COMMENT: MALAGASY HOPES FOR PL480 AID UNDERSTANDABLY DIE HARD. JUST PAS WEEK WE HAD TO KNOCK DOWN IDEA THAT MALAGASY HAD THUS FAR FAILED OBTAIN PL480 ASSISTANCE BECAUSE THEY HAD NOT USED "RIGHT US FORM". END FYI.

5. SINCE PRESENT SCARCITY OF RICE IN TANA AND OTHER CITIES INDICATES INCREASE IN PRICE DOMESTIC PADDY EFFECTIVE SEPT 1 HAS NOT BROUGHT OUT SIGNIFICANTLY GREATER QUANTITIES OF RICE FROM FARMS, I ASKED RAMAROSON FOR HIS ASSESSMENT. HE REPLIED THAT PEASANTS ARE ASTUTELY HOLDING BACK PADDY BECAUSE THEY BELIEVE SCARCITY WILL DRIVE PRICE UP FARTHER. HE ADDED THAT WHEN GOVT ANNOUNCEMENT OF FOREIGN PRUCHASES MADE, THIS SHOULD FORCE PEASANTS TO SELL IN LARGER QUANTITIES. WE NOTE PEASANTS ARE SELLING SOME RICE ON "PARALLEL MARKETS" IN CERTAIN AREAS AT PRICE OF ABOUT FMG50 PER KILO (AND SOMETIMES HIGHER) IN CONTRAST TO OFFICIALLY CONTROLLED RETAIL PRICE OF FMG36 PER KILO WHICH HASINOT BEEN ADJUSTED DESPITE OFFICIAL INCREASE IN PRICE OF PADDY.
MECDENHALL

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